



STATE OF MINNESOTA

Office of Governor Mark Dayton

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

March 16, 2017

Mr. Jim Eppel
Chief Executive Officer
UCare
500 NE Stinson Boulevard
Minneapolis, MN 55413
jeppel@ucare.com

Dear Mr. Eppel:

Thank you for your March 15, 2017 letter regarding the bills the Legislature is considering to establish a state-based reinsurance program for Minnesota's individual market starting in 2018. These proposals would spend about \$300 million taxpayer dollars each year, and this is on top of the \$315 million that the Legislature and I agreed to provide as a one-time, 25 percent, direct subsidy for those consumers who are struggling with large premium increases in 2017.

Because of its enormous cost, I believe reinsurance is generally a function that should be established and fully-funded at the federal level. However, if the Legislature chooses to establish a state-based program, I believe strongly that it should be financed by a tax on the industry itself, like the funding mechanism for our previous high-risk insurance pool, the Minnesota Comprehensive Health Association. This mechanism is the only way to ensure that no resources are diverted from Minnesota's other urgent funding priorities like our schools, early childhood education, seniors care, and other critical needs.

Your letter says that you "intend to continue serving Minnesotans" but you do not explicitly state that you will continue to serve the state. The letter also clarifies that the money for reinsurance will be used to pay medical bills but does not commit to actually bringing down premiums for consumers. If the Legislature chooses to advance these reinsurance bills, it is imperative that your industry publicly commit to Minnesotans that, moving forward, you will specifically: 1) sell products statewide in the individual market and; 2) lower premiums to a level that will make insurance coverage more affordable than it is today.

I ask that you provide consumers, the Legislature, and me with these public commitments as soon as possible. Minnesotans deserve to know that a program of this scale and cost will actually have the intended results of stabilizing the individual insurance market and improving its affordability for consumers.

Thank you in advance for your swift reply.

Sincerely,

A handwritten signature in black ink that reads "Mark Dayton".

Mark Dayton
Governor